

Message Text

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ACTION COME-00

INFO OCT-01 AF-06 ISO-00 EB-07 XMB-04 CIAE-00 INR-07

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R 281312Z MAY 75

FM AMEMBASSY NAIROBI

TO SECSTATE WASHDC 3085

UNCLAS NAIROBI 4334

PASS EXIM BANK

E.O. 11652: N/A

TAGS: BEXP, KE

SUBJ: MAJOR PROJECT, POLYESTER FIBER PLANT

REF: STATE 121157

1. EMBASSY HAS CONFIRMED TO N.J. MADHVANI, MANAGER OF EMCO KENYA LTD., THAT CHEMTEX U.S. WILL PARTICIPATE IN POLYESTER STAPLE FIBER PLANT PROPOSED FOR KENYA. EMCO IS LOCAL HOLDING COMPANY, 100 PERCENT PRIVATELY OWNED. IN EAST AFRICA, EMCO OWNS SUGER ESTATE, TWO GLASS FACTORIES, STEEL MILL, TEXTILE MILL, SOAP FACTORY, AND TRADING COMPANY. MADHVANI FAMILY GROUP HAS SUGAR AND TEA INTERESTS IN INDIA, GLASS FACTORY IN LEBANON, AND IS LOOKING AT BUSINESS POSSIBILITIES IN SUDAN, EGYPT, AND IRAN.

2. FYI: CHEMTEX U.S. SOLD 40 PERCENT OF CHEMTEX ENGINEERING OF BOMBAY TO INDIAN LALBAHI GROUP; NO CONNECTION WITH MADHVANI.

3. MADHVANI STATED HE HOPES USA WILL SUPPLY MORE THAN HALF OF EQUIPMENT NEEDED FOR PLANT. REMAINDER WOULD COME FROM INDIA WHERE HE SAID PRICES CHEAPER BUT TECHNOLOGY LESS ADVANCED. MADHVANI MENTIONED THAT U.S. EQUIPMENT PORTION MIGHT CONCEIVABLY REACH
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\$5 MILLION IN VALUE.

4. MADHVANI HAS REQUESTED EMBASSY ASSISTANCE IN GETTING APPROVAL OF PLANT (IN PRINCIPAL) FROM MINISTRY FINANCE AND PLANNING. EMCO DOES NOT WISH PROCEED IN PREPARING FULL \$25,000 FEASIBILITY STUDY WITHOUT SOME KIND OF PRELIMINARY ENCOURAGEMENT FROM GOK. EVEN CONDITIONAL ENCOURAGEMENT NOT YET FORTH-COMING FROM GOK DESPITE EMCO'S REQUESTS FOR SAME. SINCE INTEREST OF CHEMTEX U.S. SEEMS DEFINITE AND SINCE MR. MADHVANI HAS STATED THAT CHEMTEX (EITHER PARENT COMPANY OR BOMBAY AFFILIATE) WILL PARTICIPATE IN EQUITY STRUCTURE, EMBASSY WILL, UNLESS OTHERWISE INSTRUCTED, PROVIDE LOW-KEY ASSISTANCE TO EMCO IN ATTEMPTING TO CLARIFY GOK ATTITUDE TOWARD PROJECT. LINDSTROM

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Margaret P. Grafeld
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